Ex.-Jobs4WI-Vock-3

Moody's
INVESTORS SERVICE

Rating Action: MOODY'S DOWNGRADES THE RATINGS OF WISCONSIN ENERGY CORPORATION AND ITS SUBSIDIARIES

Global Credit Research - 14 Oct 2003

Approximately $4 Billion of Debt Securities Affected

New York, October 14, 2003 -- Moody's Investors Service lowered the senior unsecured ratings of Wisconsin Energy Corporation (WEC) and Wisconsin Energy Capital Corporation (WECC) to A3 from A2. Moody's also downgraded the commercial paper rating of WEC to Prime-2 from Prime-1. The rating outlook is negative for WEC and WECC. Moody's also lowered the debt ratings of WEC's operating subsidiaries, Wisconsin Electric Power Company (WEPCO: senior secured to Aa3 from Aa2) and Wisconsin Gas Company (senior unsecured to A1 from Aa2). The rating outlook is stable for WEPCO and Wisconsin Gas Company. These rating actions conclude the review for possible downgrade.

Ratings downgraded include:

WEC: senior unsecured and Issuer Rating to A3 from A2, sr. unsecured shelf to (P)A3 from (P)A2, subordinate shelf to (P)Baa1 from (P)A3, commercial paper to Prime-2 from Prime-1;

WECC, senior unsecured to A3 from A2;

WEC Capital Trust I, subordinate to Baa1 from A3;

WEC Capital Trust II, subordinate shelf registration to (P)Baa1 from (P)A3;

WEPCO, senior secured to Aa3 from Aa2; senior unsecured, Issuer Rating, and industrial revenue bonds to A1 from Aa3; preferred stock to A3 from A2; senior secured shelf registration to (P)Aa3 from (P)Aa2; senior unsecured shelf to (P)A1 from (P)Aa3;

Wisconsin Gas Company, senior unsecured to A1 from Aa2.

The commercial paper ratings for WEPCO and Wisconsin Gas Company were confirmed at Prime-1.

The downgrade of WEC and WECC reflects the sizeable capital requirements associated with the company's Power the Future (PTF) capital spending program, its existing leverage, and the structural subordination to debt at operating subsidiaries.

WEC plans to fund its equity contribution to PTF, estimated to reach approximately $1.1 billion by 2007, from internal sources. While the majority of these internal sources of cash flow are stable dividends from WEPCO, they also include approximately $400 million in proceeds from asset sales that are subject to execution risk. The company has made some progress with asset sales, as evidenced by its recently announced agreement to sell two turbines. WEC will also issue equity through its dividend reinvestment program. The size of WEC's equity contributions to PTF could increase in the event of construction delays, cost overruns, or other setbacks.

The downgrade of WEC and WECC also considers WEC's substantial existing debt. At June 30, 2003, holding company debt of approximately $1.8 billion accounted for about 45% of consolidated debt. The majority of WEC's debt was incurred in 2000 through WEC's debt-financed acquisition of WICOR Industries. Moody's notes that funds provided to WEC from WICOR subsidiaries have been relatively modest as subsidiary cash flow has been largely reinvested.

The negative rating outlooks for WEC and WECC reflect Moody's view that the holding company's existing leverage limits the company's flexibility to issue incremental debt at its current rating level, and considers tighter than average regulatory limitations on dividends from WEPCO to WEC. WEPCO has historically been WEC's primary source of cash.

The rating downgrade for WEPCO reflects the estimated $1.2 billion increase in debt that is expected by year-end 2007 associated with PTF. The majority of the increase in debt will be attributable to the construction of new